

Draft

Estimation of the Economic Impact of Government Consolidation in the Core Counties of Metro Areas

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Difficulties

- Limited sample in the analysis –*restricted to only core counties in metro areas*
- Dissimilarity of the type and level of the consolidation of services
- Limited number of years, 1969 to 2011, *which make before and after analysis impossible*
- Limited number of control variables and degrees of freedom

Only nine cities are in the sample

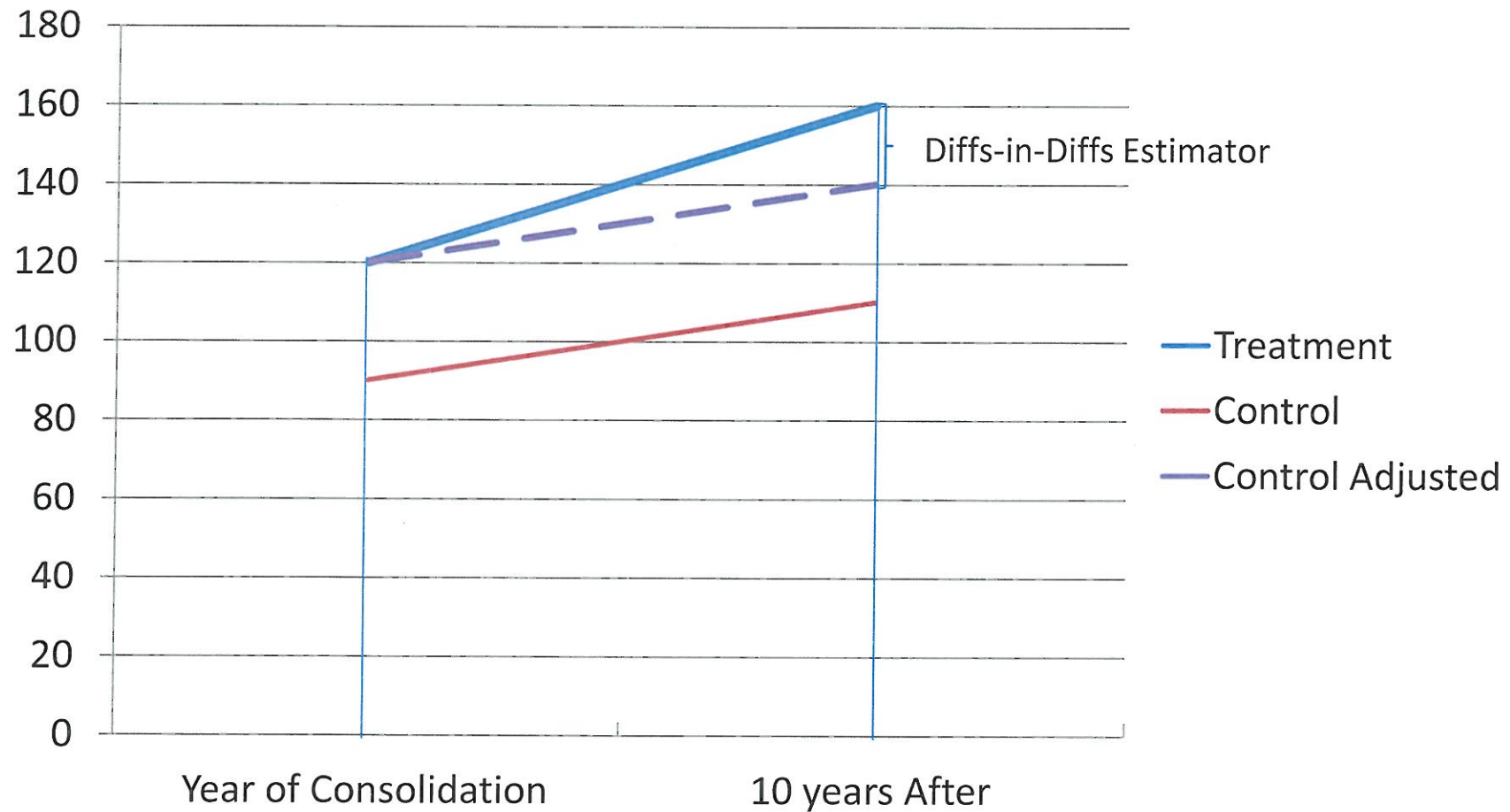
| City-County | Date | Population 2010 | Description |
|---|------|--------------------|---|
| Athens-Clarke County, GA | 1990 | 116,714 | Fully Unified; http://athensclarkecounty.com/index.aspx?NID=35 |
| Augusta-Richmond County, GA | 1995 | 200,549 | Mayor is member of county commission. County is responsible for schools, planning, development. City is responsible for utilities. http://www.augustaga.gov/index.aspx?nid=1240 ; http://www.augustaga.gov/index.aspx?NID=760 |
| Columbus-Muscogee County, GA | 1971 | 189,885 | Forty-four functions and services of the former governments have been consolidated into nine departments: legal, administrative, finance, elections, public safety, public works, engineering, community development, and parks and recreation. |
| Houma-Terrebonne Parish, LA | 1984 | 111,860 | City is responsible for utilities and natural gas distribution. Terrebonne Parish Council acts as the single law-making entity. http://www.tpcg.org/view.php?f=gas_distribution ; |
| Indianapolis-Marion County, IN | 1969 | 903,393 | City provides functions countywide: streets, public housing, sewers, solid waste, public health, mass transit, and airport. City and county each have public safety (police and sheriff departments) |
| Lafayette-Lafayette Parish, LA | 1992 | 221,578 | Fully unified, except for a city, county, and university police system; http://www.lafayettela.gov/ |
| Lexington-Fayette County, KY | 1972 | 295,803 | City provides law enforcement, firemen. County is responsible for local parks. Sherriff is responsible for serving legal summonses, collecting property taxes, transporting prisoners, and providing security at the courthouse—not for law enforcement. |
| Louisville-Jefferson County, KY | 2003 | 741,096 | Public safety, public works, codes and regulations, parks and recreation, economic development, housing, health and neighborhoods |
| Portland/Clackamas/Multnomah/ Washington- Oregon Metro | 1979 | 735,334 | Oregon Metro's major operating functions: Metro Exposition Recreation Commission, Oregon Zoo, Planning, Regional Parks and Green Spaces, Solid Waste Recycling, Finance and Administrative Services, Human Resources, Public Affairs and Government Relations |

Economic Performance

| Metro | County | Consolidation Year | 10- Year Annualized Growth Since Consolidation Year* | 10- Year Annualized Growth Since Consolidation Year Control |
|-------------------------------------|----------------|-----------------------|---|--|
| Athens-Clarke County, GA | Clarke, GA | 1990 | 2.0% | 1.6% |
| Lexington-Fayette, KY | Fayette, KY | 1972 | 2.4% | 1.9% |
| Louisville-Jefferson County, KY-IN | Jefferson, KY | 2003 | 1.5% | 0.3% |
| Lafayette, LA | Lafayette, LA | 1992 | 3.3% | 1.6% |
| Indianapolis-Carmel, IN | Marion, IN | 1969 | 1.2% | 2.1% |
| Portland-Vancouver-Hillsboro, OR-WA | Multnomah, OR | 1979 | 0.9% | 1.8% |
| Columbus, GA-AL | Muscogee, GA | 1971 | 1.0% | 2.3% |
| Augusta-Richmond County, GA-SC | Richmond, GA | 1995 | 0.7% | 1.4% |
| Houma-Bayou Cane-Thibodaux, LA | Terrebonne, LA | 1984 | -0.5% | 1.7% |

*7-Year Rate for Louisville

Illustration of Differences-in-Differences Estimator



Results

$$AAEG = B_0 + B_1 (\text{Con}) + B_2 (\text{Ed}) + B_3 (\%MFG) + e$$

Where:

- AAEG = the average annual employment growth in the county for the 10-year period after consolidation.
 Con = 1 if the county consolidated government services.
 Ed = the percent of residents in the county with a Bachelor's degree in 2000.
 %MFG = the percent of employees in the county working in manufacturing in 2000

| Dep. Variable: Avg Ann Empl Growth | Total | | Size Control | | Education | | % Manufacturing | |
|------------------------------------|--------|--------|--------------|--------|-----------|--------|-----------------|--------|
| Independent Variables: | Coef. | t-stat | Coef. | t-stat | Coef. | t-stat | Coef. | t-stat |
| Consolidation | -0.005 | -1.39 | -0.006 | -1.59 | -0.003 | -1.00 | -0.003 | -1.06 |
| Education | 0.091 | 3.22 | 0.062 | 2.06 | 0.076 | 3.13 | 0.088 | 3.06 |
| % Manufacturing | -0.151 | -1.81 | -0.071 | -0.81 | -0.138 | -1.82 | -0.103 | -1.48 |
| Constant | 0.0124 | 1.01 | 0.012 | 0.89 | 0.014 | 1.21 | 0.006 | 0.60 |
| Adj R-square | 0.36 | | 0.16 | | 0.40 | | 0.35 | |
| N | 18 | | 18 | | 18 | | 18 | |

Next steps

- Economic growth may not be the best yardstick to use.
- We can make improvements on the model:
 - Education and manufacturing controls were for 2000 only.
 - Enlarge the same to include non-core consolidations.